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INFORMATION REPORT

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COUNTRY Venezuela

CONFIDENTIAL

DATE DISTR. 16 AUG 49

SUBJECT

Reactivation of Caribbean Petroleum Corporation

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SUPPLEMENT TO

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REPORT NO.

- 1. It has been reported that the Caribbean Petroleum Corporation (Shell), the major oil company in the Lake Maracalbo area, has recently reversed its production and personnel policies and now plans to resume full-scale operations. This is apparently a result of the recent Anglo-Argentine Trade Pact, which, among other things, calls for supplying Argentina with petroleum by Great Britain.
- 2. Caribbean officials in Maracaibo have denied the report of increased production, explaining that the pact was born of British necessity for dellar credits and that to supply Venezuelan oil to Argentina would defeat that purpose. However, they left themselves with an "out", stating that they knew of no proposed change in policy as of 19 July 1949, but that there could be a change any day.
- 3. A subsequent check with Caribbean officers at Cabinas and Lagunillas revealed that the field had received definite instructions to reopen production at Tia Juana, Bachaquero, and Mene Grande, the principal areas affected by the shut-down. The informants know no explanation for this sudden reversal in policy, but it was supposed that it involved the Anglo-Argentine treaty.
- 4. Officials at both Cabimas and Lagunillas agreed that the company would continue to take advantage of the current opportunity to lay off some of what they termed "deadwood" and malcontents, which they said they should have done long ago but did not get around to because of the war, pressure of business, and lack of a specific reason acceptable to the unions. This reduction will amount to a very small or negligible percentage, but, coupled with the normal number of resignations, will call for a program of employment within a couple of months, should the reported policy of production remain instated.
- 5. It was pointed out, however, that a reopening or expansion of drilling operations has not been ordered and probably will not be, and that if curtailment is enforced, it will be in the drilling operations.
- 6. There had been no change in the policy of the American petroleum companies up to the last week in July.

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